

**Twenty-sixth Meeting of  
the Business Facilitation Advisory Committee**

***Agenda Item 4 : Report on the progress of the  
“Be the Smart Regulator” Programme  
– July 2014 update***

**Purpose**

This paper reports on the progress of the “Be the Smart Regulator” Programme<sup>1</sup> (the Programme) since the last Business Facilitation Advisory Committee meeting held on 1 April 2014.

**Latest progress**

***Overview***

2. All the 30 participating bureaux and departments (B/Ds) have continued to sustain momentum in further enhancing the business licensing services in Hong Kong. Good progress has been made on various fronts to improve our overall licensing environment and long-term competitiveness. Major highlights are summarized below.

***Efficiency improvement measures in connection with the World Bank’s “Doing Business” Report***

3. The Economic Analysis and Business Facilitation Unit (EABFU) continues to work with relevant agencies to devise focused reform measures to improve Hong Kong’s ease of doing business ranking. EABFU has recently updated the World Bank of the following reform measures –

- Dealing with construction permits

The Buildings Department (BD) has reviewed and streamlined its building approval process. For small-scale building proposals (e.g.

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<sup>1</sup> The Government has launched the Programme since early 2007 to further improve Hong Kong’s overall business licensing environment and long-term competitiveness. The Programme aims to enhance the efficiency, transparency and business-friendliness of Hong Kong’s licensing services and to reduce compliance costs to business while safeguarding public interests.

building a two-storey warehouse) that can satisfy certain criteria, BD can conduct inspection of the foundation bearing strata within 1 working day (instead of 7 days) upon receipt of a notification of the foundation works completion. This measure shortens the lead time for obtaining construction permits of small-scale building projects.

- Getting electricity

Through streamlining relevant procedures by the Hong Kong Police Force and the Transport Department, the time of processing the lighting, signing and guarding proposal and the time of processing the temporary traffic arrangement proposal have both been reduced from 10 to 9 days. These measures further shorten the time to obtain excavation permits in connection with the supply of electricity for small-scale warehouses or industrial buildings.

Separately, the CLP Power Hong Kong Limited has streamlined its procedures on joint inspection with customer, external cabling works and network connection as well as installation inspection and meter connection. These improvements in the supply application process shorten the lead time (excluding the time of applying for excavation permits) to provide electricity supply for low-rise warehouse in a non-residential or rural area from 26 to 20 days.

- Enforcing contracts

The Mediation Ordinance (Cap. 620) took effect on 1 January 2013. The Hong Kong Mediation Accreditation Association Limited, a non-statutory industry-led accreditation body for mediators, came into operation in April 2013. To encourage the business community to first consider using mediation to resolve disputes, the Steering Committee on Mediation<sup>2</sup> organized a “Mediate First” Pledge Reception on 18 July 2013. Companies and associations were invited to sign “Mediate First” Pledges to show their support and commitment to use mediation. A Mediation Week was held on 20-27 March 2014 to enhance the public’s understanding of mediation and promote wider use of mediation in Hong Kong.

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<sup>2</sup> The Steering Committee on Mediation is chaired by the Secretary for Justice and comprises members from different sectors of the community including legal professionals, medical practitioners, academics, administrators, social workers and insurers.

4. We have also informed the World Bank of the following one-off measures announced in the 2014-15 Budget Speech by the Financial Secretary as a counter-cyclical measure to preserve economic stability and short-term employment –

- reduction in profit tax for 2013-14 by 75% subject to a ceiling of \$10,000; and
- waiver of rates for the first two quarters of 2014-15 subject to a ceiling of \$1,500 per quarter for each rateable property.

These measures can help reduce the total tax rate of Hong Kong in the area of “Paying taxes”.

### *Major progress in various departments*

5. All participating B/Ds have continued to further enhance their business licensing work in various areas. Some notable examples are –

- The Inland Revenue Department (IRD) has enhanced the electronic filing service of employer's return to help employers reduce their administrative burden of reporting remuneration paid to employees. Small firms with up to 30 employees, which account for over 80% of the employers in Hong Kong, can use IRD's template to make online submission of employer's returns. For companies with up to 200 employees, they can use the software provided by IRD or self-developed software pre-approved by IRD to generate relevant data files for online submission of employer's returns.
- The Trade and Industry Department (TID) regularly amends the control list for strategic commodities to ensure that Hong Kong upholds controls consistent with the latest international standards, thereby promptly relieving traders from licensing requirements when the international standards are relaxed. The latest amendment exercise has resulted in de-control of certain commonly traded strategic commodities including electronics and telecommunications & information security products.
- The Labour Department proactively issues letters to employment agency operators 3 months as well as 1.5 months before expiry of their licences to remind them to submit applications for licence renewal. This measure intends to help the operators, especially

SMEs, to renew their licences in time to avoid unnecessary cessation of their business due to expiry of a valid licence.

- The Create Hong Kong has developed the Licence Application Processing and Inspection Monitoring System to keep track of the processing status of applications for licences/permits under the Entertainment Special Effects Ordinance. The system also generates electronic notifications to alert case officers for necessary actions to avoid delay in processing licence/permit applications, and for timely surveillance inspections to monitor compliance with licence/permit conditions.

### ***Promotion of business facilitation and customer centric culture within the civil service***

6. In the first half of 2014, EABFU organized an experience sharing session to enable the participating B/Ds to share ideas and experiences of good regulatory practices. EABFU also delivered two briefings to cultivate business facilitation culture of over 410 new recruits from 51 B/Ds through the induction seminars organized by the Civil Service Training and Development Institute.

### ***Business Impact Assessment***

7. The Business Compliance Cost (BCC) study on the application for renewal of the Places of Public Entertainment Licence (Cinemas) has commenced. The Business Impact Assessment (BIA) on the new producer responsibility scheme on glass beverage bottles is underway and the BIA on the proposed voluntary water efficiency labelling scheme on flow controllers is being finalized. The BIA on the proposed private columbaria bill and the BCC study on the application for renewal of the hotel licence have been completed.

### ***Review of business licensing services and SME support services***

8. The Efficiency Unit has completed the review of business licensing services and SME support services and issued the report to the Commerce and Economic Development Bureau, Food and Environmental Hygiene Department, Home Affairs Department and TID for them to consider in the context of their initiatives and priorities.

## **Way forward**

9. Members are invited to note the progress of the Programme.

Efficiency Unit,  
Chief Secretary for Administration's Office  
Economic Analysis and Business Facilitation Unit,  
Financial Secretary's Office  
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